

Barry W. Davidson  
DAVIDSON ♦ MEDEIROS  
1280 Bank of America Center  
601 West Riverside Avenue  
Spokane, Washington 99201  
(509) 624-4600

Attorney for Willow Wind Organic Farms, Inc.

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF WASHINGTON

In re. . .

**WILLOW WIND ORGANIC FARMS,  
INC.,**

Debtor.

In re. . .

**ROY STEVE WALSER,**

Debtor.

Jointly Administered Under:  
No. **03-09997-W11**  
Chapter **11**

**FINDINGS OF FACT AND  
CONCLUSIONS OF LAW RE:  
CONFIRMATION OF SECOND  
AMENDED PLAN OF  
REORGANIZATION**

**(WILLOW WIND ORGANIC  
FARMS, INC.)**

This matter came on for hearing upon the Second Amended Plan of Reorganization that was filed by Willow Wind Organic Farms, Inc. ("Willow Wind") on March 12, 2007. The Court considered the comments of counsel, and the records and files herein, including the following:

- Second Amended Disclosure Statement;
- Second Amended Plan Of Reorganization;
- Order Approving Disclosure Statement and Fixing Time for Filing Acceptances or Rejections of Plan, Combined with Notice Thereof;

- 1           ▪     Classification Of Claims;
- 2           ▪     United States Trustee's Objection to Confirmation of Second
- 3                 Amended Plan;
- 4           ▪     Report of Balloting;
- 5           ▪     Declaration Of R. Steve Walser In Support Of Confirmation Of
- 6                 Second Amended Plan Of Reorganization;
- 7           ▪     Motion For Order Authorizing Modification Of Second Amended
- 8                 Plan Of Reorganization, And Limiting Notice Thereof;
- 9           ▪     Order Authorizing Modification Of Second Amended Plan Of
- 10                Reorganization, Limiting Notice Thereof, And Shortening Time;
- 11                and
- 12           ▪     [Proposed] Stipulated Order Confirming Second Amended Plan
- 13                 of Reorganization.

14           Based on the foregoing, the Court enters the following FINDINGS OF FACT:

15           1.     Willow Wind filed a Second Amended Disclosure Statement

16                 ("Disclosure Statement") and the Second Amended Plan of Reorganization ("Plan")

17                 on March 12, 2007.

18           2.     On May 21, 2007, following appropriate notice, the Court entered an

19                 Order Approving Disclosure Statement and Fixing Time for Filing Acceptances or

20                 Rejections of Plan, Combined with Notice Thereof.

21           3.     Pursuant to the Order Approving Disclosure Statement and Fixing

22                 Time for Filing Acceptances or Rejections of Plan, Combined with Notice Thereof,

23                 Willow Wind transmitted the Disclosure Statement and Plan, and related

24                 materials, to the Master Mailing List on May 25, 2007.

25

1           4.     The Plan contains no unusual classifications of claims or interest.  
2     Similar claims are classified together, and are treated equally within each class.  
3     The Plan provides the same treatment for each claim or interest within a  
4     particular class.

5  
6           5.     Willow Wind did not solicit acceptances or rejections of the Plan  
7     except as authorized by the Order Approving Disclosure Statement and Fixing  
8     Time for Filing Acceptances or Rejections of Plan, Combined with Notice Thereof.

9  
10          6.     The Plan proposes to pay general unsecured creditors in full. By  
11     stipulation with the United States Trustee, the Reorganized Willow Wind shall pay  
12     simple interest at the rate of eight percent (8.00%) per annum to each general  
13     unsecured creditor holding a Class WWOOF-5 Allowed Claim from the Effective  
14     Date until that creditor receives full payment including interest. The final  
15     payment to Class WWOOF-5 Claimants, payable not later than May of 2010, shall  
16     be increased to the extent necessary to fund the interest obligation of Willow  
17     Wind to Class WWOOF-5 Claimants.

18  
19          7.     The plan has been proposed in good faith and not by any means  
20     forbidden by law.

21  
22          8.     The compensation of Davidson ❖ Medeiros and BDO Seidman LLP  
23     for services rendered through the Confirmation Date will be subject to Court  
24     approval after notice and hearing. Davidson ❖ Medeiros and BDO Seidman LLP  
25

1 will be employed after confirmation at their normal and usual hourly rates, plus  
2 reimbursement for expenses.

3 9. Willow Wind will continue operating its business under the  
4 management of Roy Steve Walser and Margaret Walser, whose identity and  
5 compensation has been disclosed. The continuance in office of such individuals  
6 is consistent with the interests of creditors and equity security holders and with  
7 public policy. There will be no other insiders or other individuals employed or  
8 retained after reorganization, other than Davidson ♦ Medeiros and BDO Seidman  
9 LLP.  
10

11 10. The Plan provides for no rate changes after confirmation of the Plan  
12 with any governmental regulatory commission with jurisdiction over the rates of  
13 Willow Wind.  
14

15 11. The United States Trustee filed an Objection to Confirmation of  
16 Second Amended Plan on June 4, 2007. That objection has been resolved  
17 pursuant to the terms of the proposed Stipulated Order Confirming Plan of  
18 Reorganization submitted herein. No other objections to confirmation of the Plan  
19 were filed.  
20

21 12. Willow Wind and the United States of America, Internal Revenue  
22 Service, have agreed to include provisions in the proposed Stipulated Order  
23 Confirming Plan of Reorganization providing that the Internal Revenue Service  
24 Proof of Claim in the amount of \$982.97, filed as Amendment No. 2 to the  
25

1 Internal Revenue Service Proof of Claim dated April 21, 2004, shall be paid in full  
2 by offset on the Effective Date of the Second Amended Plan of Reorganization.

3 13. Class WWOFF-5 is impaired. All votes received were from creditors  
4 within the WWOFF-5 Class. Ninety-six percent (96%) by amount and seventy-five  
5 percent (75%) by number voted to accept the Plan.  
6

7 14. According to the Declaration of Roy Steve Walser, and the Analysis of  
8 Return on Liquidation, creditors will receive a greater distribution under the Plan  
9 than would be received through liquidation.  
10

11 15. The Plan provides for the financial reorganization of Willow Wind.  
12 Confirmation of the Plan is not likely to be followed by the liquidation or the need  
13 for further financial reorganization of Willow Wind.  
14

15 16. The Plan provides for payment of administrative claims upon  
16 confirmation, or upon allowance by the Court.

17 17. The Plan provides for payment of all U.S. Trustee fees when due,  
18 through the closing of the case.

19 18. Willow Wind sponsors no retiree benefits.  
20

21 Based on the foregoing FINDINGS OF FACT, the Court enters the following  
22 CONCLUSIONS OF LAW:

23 1. The Plan has been accepted in writing by the creditors and equity  
24 security holders whose acceptance is required by law; and

25 2. The provisions of Chapter 11 have been complied with; the Plan has

1 been proposed in good faith and not by means forbidden by law; and

2 3. Each holder of a claim or interest has accepted the Plan or will  
3 receive or retain under the Plan, property of a value, as of the effective date of the  
4 Plan, that is not less than the amount that such holder would receive or retain if  
5 Willow Wind were liquidated under Chapter 7 of the Code on such date, or the  
6 Plan does not discriminate unfairly, and is fair and equitable with respect to each  
7 class of claims or interests that are impaired under the Plan and has not accepted  
8 the Plan; and  
9

10 4. All payments made or promised by Willow Wind or by a person  
11 issuing securities or acquiring property under the Plan or by any other person for  
12 services or for costs and expenses in, or in connection with, the Plan and incident  
13 to the case, have been fully disclosed to the Court and are reasonable or, if to be  
14 fixed after confirmation of the Plan, will be subject to approval of the Court; and  
15

16 5. The identity, qualifications, and affiliations of the persons who are to  
17 be directors or officers, if any, of Willow Wind after confirmation of the Plan have  
18 been fully disclosed, and the appointment of such persons to such offices or the  
19 continued appointment of such persons to such offices, or their continuance  
20 therein, is equitable and consistent with the interests of the creditors and equity  
21 security holders and with public policy; and  
22

23 6. The identity of any insider that will be employed or retained by Willow  
24 Wind and their compensation has been fully disclosed; and  
25

1           7. Confirmation of the Plan is not likely to be followed by the liquidation  
2 or the need for further financial reorganization of Willow Wind; and

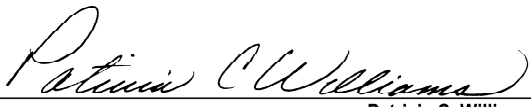
3           8. The Plan shall be substantially consummated pursuant to 11 USC  
4 1101(2) upon assumption by Willow Wind of the management of the property  
5 dealt with under the Plan, upon full payment of all administrative expenses, and  
6 upon the conclusion of all adversary and contested matters.  
7

8  
9 Presented by:

10 DAVIDSON ♦ MEDEIROS

11 /s/ Barry W. Davidson  
12 Barry W. Davidson, WSBA No. 07908  
13 Attorney for Willow Wind Organic  
14 Farms, Inc.  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25



  
Patricia C. Williams  
Bankruptcy Judge

08/28/2007 10:39:31 AM